

U. S. Government Foreign Aid in Fiscal Year 1951

GROSS foreign aid furnished by the United States Government in fiscal year 1951 declined to approximately \$4.9 billion, the least in any year since the end of World War II, as the continued reduction in economic aid more than offset a rise in military assistance. The decline in economic aid followed schedules established in part as a result of the notable advances in economic recovery through 1950 in the European-recovery program areas. Military assistance increased rapidly in both relative and absolute terms during the year and comprised 33 percent of gross foreign aid in the last quarter. On the whole, gross aid had tended to decrease since the peak established during the first year of the European-recovery program.

The low point in aid actually occurred at the beginning of fiscal year 1951. During the year, the trend reversed as gross grants and credits increased from a low of less than \$1 billion in the July-September 1950 period to \$1.4 billion in the 3 months ended June 30, 1951. During this last quarter aid was provided at the highest annual rate (\$5.8 billion) since early in fiscal year 1950. Thus, the total decline in fiscal year 1951 was only 5 percent from the preceding year.

Net foreign aid, which takes into account the receipt by the United States Government of reverse grants and returns of grants and of principal repayments on credits, was \$4.5 billion in fiscal year 1951, slightly less than in the previous year. Because returns experienced a relatively greater decline—32 percent, in contrast to the 5 percent for gross aid—net aid displayed less change in the 2 years.

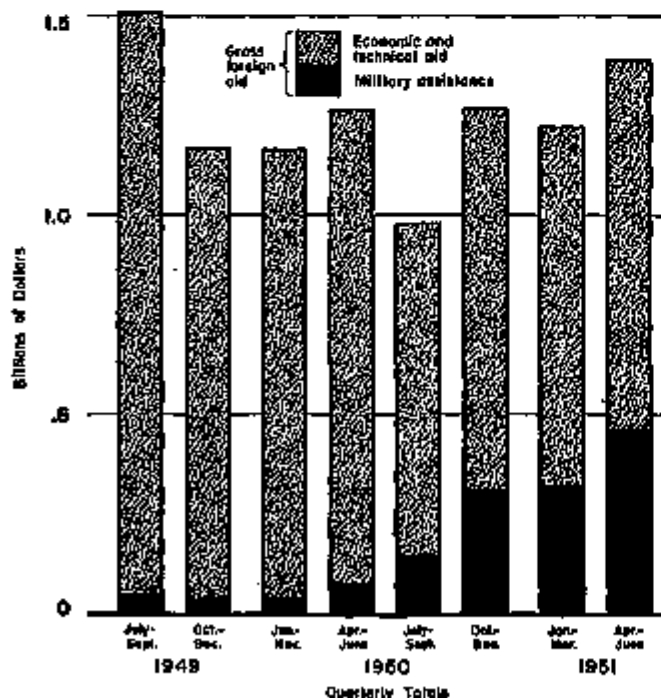
Postwar aid approaching wartime total

By June 30, 1951, gross foreign aid rendered by the United States Government in the six postwar years stood at \$33.2 billion, with its composition as shown in table 1. From the beginning of wartime activity in July 1940, 11 years of foreign aid had brought the aggregate value of goods, services, and funds furnished on a grant or credit basis to the immense amount of \$82.4 billion (\$71.6 billion net). This is exclusive of the Government's investment of \$3.4 billion in the International Bank for Reconstruction and Development and the International Monetary Fund.

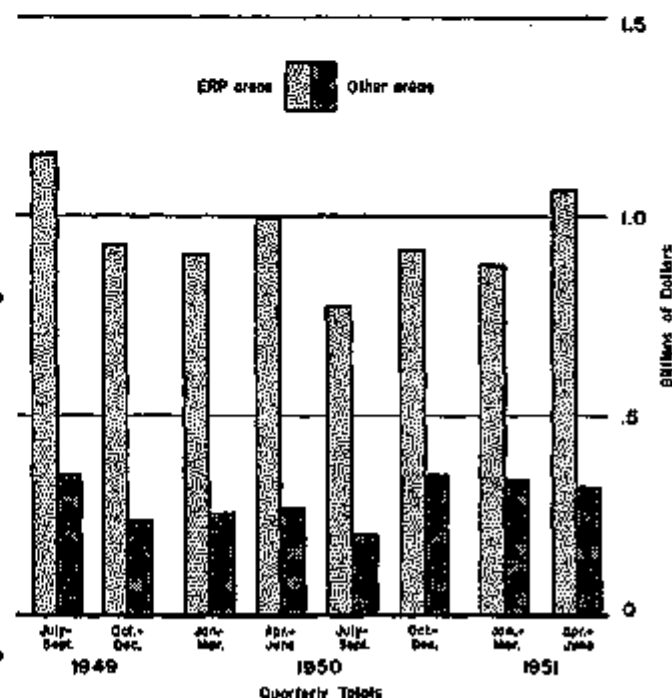
The Communist invasion of South Korea, coming at the beginning of fiscal year 1951, spurred congressional authori-

In Fiscal Year 1951 . . .

Military assistance progressively increased in importance in gross foreign aid . . .



and aid to ERP areas (including NATO countries) remained predominant.



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zation of additional military assistance to the free nations of the world. Although actual aid was at a nadir, \$9 billion was added during fiscal year 1951 to the beginning carry-over of \$5 billion available for foreign aid. As a result of the relatively slow use of these resources during the year, as of June 30, 1951, almost \$10 billion was still to be furnished as aid under existing legislation. Appropriations and credit authorizations exceeding \$8 billion were added through October 1951. If these available funds are fully utilized, cumulative postwar gross foreign aid will then exceed \$50 billion—more than the gross foreign aid by the United States Government during the entire World War II period.

Grants dominate foreign-aid picture

Since the beginning of the European-recovery program, the United States Government has recognized that current foreign aid was required predominantly on a grant basis. However, aid in the form of credits continued in relatively small amounts. Such aid equaled \$419 million in fiscal year 1951, almost identical to the amount in the preceding year. Principal repayments on credits displayed only slightly more of a change. Net credits thus continued at 3 percent of total net aid—in contrast to 50 percent in the immediate postwar period.

Congressional requirements had established a floor under European-recovery credit (as opposed to grants); subsequent credits only slightly exceeded this minimum. In the attempt to increase the proportion of credit to grant aid, the Congress in the Mutual Security Act of 1951 stipulated that no less than 10 percent of the economic aid to Europe should be on credit terms.

Since grant assistance constituted the bulk of gross foreign aid in recent years, it was in this form of aid that the significant fiscal year 1951 shifts occurred. Military-aid grants under the mutual-defense assistance program gathered momentum, and increased steadily in the year and a half following their inception to total nearly \$0.5 billion in the 3 months ended June 30, 1951. Although such aid amounted to over \$1.2 billion for the fiscal year as a whole, it was still exceeded by economic assistance furnished through European-recovery grants and credits which totaled \$2.5 billion in fiscal year 1951. However, the latter had declined by \$0.9 billion from the previous year.

Government agencies return as exporters

Another important indication of the changing character of foreign aid was the increase in the portion furnished directly as goods and services by United States Government agencies. After the end of World War II, the Government preferred to finance most of its foreign aid through private trade and to withdraw Federal agencies as the actual exporters. This Government policy was intended to foster private international trade. In fact, during this postwar period foreign governments were urged to withdraw purchasing missions from the United States as a stimulant to the return of trade to private channels.

Hence, the proportion of gross foreign aid actually furnished by Federal agencies as goods and services had declined from nearly 100 percent during the war, to 90 percent in fiscal year 1946—the first postwar year—and then as far as 28 percent in fiscal year 1950. After reaching a low point of 21 percent of total gross aid in the last quarter of that year, goods and services assumed more significant proportions and almost equaled cash aid in the last quarter of fiscal year 1951.

This return of the Government to a supply function confirmed the greater influence of military assistance in aid, since military items are provided directly by the Government, not through financing of private-trade channels.

British improvement leads to economic-aid decline

The European countries which were members of the Organization for European Economic Cooperation (OEEC) received three-fourths of the United States Government foreign aid in fiscal year 1951, almost as large a proportion as in the preceding year. The European recovery program itself, however, represented only 69 percent of the \$3.6 billion in aid furnished this area in the 12 months ended June 30, 1951, compared to 87 percent in fiscal year 1950.

Over half of the \$934-million decline in European recovery grants and credits in the fiscal year was in aid to the United Kingdom, which received only 43 percent of the amount it had received in fiscal year 1950. This decline was most evident in the 6 months following December 31, 1950, after which date aid allocations to the United Kingdom were almost completely curtailed under this program. The European-recovery aid which did continue to flow to the British was in fulfillment of earlier allocations. Curtailment of United Kingdom aid was in recognition of the considerable improvement then evidenced in the British dollar position.

During fiscal year 1951 the United Kingdom made large repayments of principal on outstanding credits—\$56 million, of which \$53 million was on the Reconstruction Finance Corporation (RFC) collateral loan. Moreover, the June 30, 1951, balance of \$22 million on this \$390-million loan was paid off entirely by September 28. This loan had been made in 1941 to enable the United Kingdom to keep its investments in the United States. The earnings from the pledged collateral had been received by RFC and applied to reduction of principal and payment of interest. The earnings received had been larger than anticipated at the time the loan was made, enabling repayment almost 5 years ahead of maturity date.

Further, the United Kingdom reserves of gold and dollars rose from \$2.4 billion as of June 30, 1950, to \$3.9 billion 1 year later. United Kingdom purchases of \$1,420 million comprised more than one-half of the net gold outflow from the United States Government in this year. In its total purchase of \$1,500 million in gold following the currency devaluations in September 1949, the United Kingdom was able to recover all but \$87 million of the gold sold to the United States in the postwar period preceding the pound devaluation.

Declines in aid to Germany, France, Netherlands, and Belgium were also significant. Portugal was the only OEEC country with a reported increase in economic aid in fiscal year 1951 over the preceding year. The over-all decline was in keeping with the original plan for the European-recovery program whereby a gradual decline to the middle of 1952 was envisaged.

European aid includes EPU capital contribution

Economic conditions in Europe were generally improving over this period. In particular, intra-European trade was expanded by OEEC members through the creation of the European Payments Union (EPU) for multilateral compensation. Total grants by ECA through EPU totaled over \$51 million in fiscal year 1951. These payments were made from \$350 million pledged by the United States Government as a capital contribution to enable EPU to make settlements with countries entitled to receive gold and dollars under the intra-European clearance scheme.

The monthly bilateral imbalances in intra-European trade of the EPU participants summed to over \$3.2 billion in fiscal year 1951. However, because the direction of imbalances between countries frequently changed from one month to the next, the bilateral imbalances on a net cumu-

Table 1.—Summary of Foreign Aid (Grants and Credits), by Program: July 1, 1945, Through June 30, 1951

(Millions of dollars)

| Program | Total postwar period | Before European recovery program period | During European recovery program period | | | | | | | | | | | |
|--|----------------------|---|---|---------------------|------------------|-----------------|----------------|----------------|----------------|------------------|-----------------|----------------|----------------|----------------|
| | | | Total | Apr. 1945-June 1949 | Fiscal year 1950 | | | | | Fiscal year 1951 | | | | |
| | | | | | Total | July-Sept. 1949 | Oct.-Dec. 1949 | Jan.-Mar. 1950 | Apr.-June 1950 | Total | July-Sept. 1950 | Oct.-Dec. 1950 | Jan.-Mar. 1951 | Apr.-June 1951 |
| Gross Foreign Aid ¹ | 33,286 | 15,527 | 17,679 | 7,764 | 5,109 | 1,540 | 1,187 | 1,104 | 1,269 | 4,896 | 980 | 1,271 | 1,222 | 1,393 |
| Grants utilized | 23,000 | 8,001 | 15,509 | 6,371 | 4,091 | 1,429 | 1,070 | 1,030 | 1,154 | 4,447 | 889 | 1,101 | 1,100 | 1,290 |
| Less: Credit-agreement offsets to grants | 1,280 | 1,283 | 3 | 1 | 3 | 30 | 88 | 135 | 3 | 410 | 91 | 111 | 122 | 90 |
| Credits utilized | 10,863 | 8,060 | 2,174 | 1,334 | 430 | 80 | 88 | 135 | 117 | 410 | 91 | 111 | 122 | 90 |
| Less: Returns | 2,363 | 1,022 | 1,561 | 587 | 370 | 294 | 111 | 181 | 151 | 395 | 103 | 107 | 97 | 89 |
| Reverse grants and returns on grants | 1,018 | 490 | 517 | 85 | 280 | 161 | 88 | 41 | 40 | 133 | 30 | 27 | 37 | 33 |
| Principal collected on credits | 1,348 | 523 | 1,018 | 502 | 280 | 66 | 58 | 60 | 113 | 263 | 67 | 79 | 80 | 50 |
| Equals Net Foreign Aid | 30,633 | 14,505 | 16,118 | 7,177 | 4,639 | 1,340 | 1,066 | 1,063 | 1,208 | 4,471 | 877 | 1,165 | 1,125 | 1,344 |
| Net grants | 21,328 | 6,320 | 14,008 | 6,286 | 4,300 | 1,277 | 1,021 | 989 | 1,103 | 4,314 | 864 | 1,134 | 1,063 | 1,283 |
| Net credits | 9,305 | 8,185 | 2,110 | 591 | 140 | 26 | 35 | 74 | 5 | 157 | 23 | 31 | 63 | 40 |
| Grants Utilized | 21,805 | 8,991 | 15,509 | 6,371 | 4,091 | 1,429 | 1,079 | 1,030 | 1,154 | 4,447 | 889 | 1,101 | 1,100 | 1,290 |
| European recovery | 9,128 | — | 9,128 | 3,431 | 3,323 | 109 | 763 | 709 | 845 | 2,884 | 447 | 502 | 604 | 654 |
| Civilian supplies | 8,321 | 2,412 | 2,908 | 1,638 | 801 | 344 | 196 | 132 | 139 | 480 | 113 | 134 | 70 | 124 |
| UNRRA, post-UNRRA, and interim aid | 3,493 | 3,172 | 271 | 271 | 173 | (1) | (2) | (1) | (2) | 108 | 34 | 68 | 4 | 4 |
| Philippine rehabilitation | 627 | 130 | 497 | 216 | 173 | 80 | 47 | 20 | 27 | 108 | 34 | 68 | 4 | 4 |
| Korean and Far Eastern (General area of China) aid | 310 | — | 310 | 178 | 81 | 5 | 4 | 28 | 24 | 60 | 8 | 10 | 20 | 20 |
| Loan-losses | 1,846 | 1,948 | (2) | (2) | 71 | — | — | — | — | 1,222 | 140 | 204 | 322 | 455 |
| Mutual-defense assistance | 1,202 | — | 1,202 | 102 | 10 | 41 | 35 | 32 | 12 | 20 | 5 | 7 | 3 | 3 |
| Greek-Turkish aid | 667 | 165 | 402 | 355 | 119 | 8 | 8 | 2 | — | 1 | — | — | (2) | 2 |
| Chinese stabilization and military aid | 243 | 120 | 123 | 102 | 10 | — | — | — | — | — | — | — | — | — |
| Technical assistance and inter-American aid | 153 | 60 | 87 | 28 | 20 | 8 | 8 | 8 | 8 | 20 | 9 | 6 | 5 | 11 |
| Other | 481 | 80 | 401 | 142 | 100 | 24 | 20 | 24 | 32 | 150 | 30 | 27 | 37 | 26 |
| Reverse Grants and Returns on Grants | 1,018 | 490 | 517 | 85 | 280 | 161 | 88 | 41 | 40 | 133 | 30 | 27 | 37 | 33 |
| Counterpart funds | 436 | — | 436 | 40 | 233 | 161 | 60 | 41 | 40 | 123 | 36 | 37 | 27 | 33 |
| Reverse loan-losses | 133 | 133 | 1 | 1 | — | — | — | — | — | — | — | — | — | — |
| Returns of loan-losses | 337 | 279 | 58 | 32 | 10 | (2) | 7 | — | 9 | 10 | — | — | 10 | — |
| War-account cash settlements | 129 | 117 | 3 | 3 | — | — | — | — | — | — | — | — | — | — |
| Credits utilized | 10,863 | 8,689 | 2,174 | 1,334 | 420 | 80 | 88 | 135 | 117 | 410 | 91 | 111 | 122 | 90 |
| Special British loan | 2,750 | 3,750 | — | — | — | — | — | — | — | — | — | — | — | — |
| Export-Import Bank | 2,573 | 2,067 | 701 | 398 | 100 | 30 | 41 | 66 | 89 | 222 | 37 | 44 | 70 | 66 |
| Direct loans | 2,748 | 1,912 | 804 | 376 | 180 | 26 | 30 | 60 | 58 | 248 | 40 | 44 | 83 | 61 |
| Loans through agent banks | 122 | 146 | Cr 14 | Cr 8 | 10 | 1 | 8 | 10 | 1 | Cr 24 | Cr 3 | (2) | Cr 4 | Cr 16 |
| European recovery | 1,182 | — | 1,182 | 556 | 130 | 18 | 82 | 66 | 30 | 141 | 49 | 28 | 39 | 25 |
| Surplus property (including merchant ships) | 1,837 | 1,230 | 601 | 89 | 11 | 6 | 8 | 2 | (2) | 1 | (2) | (2) | (2) | 1 |
| Credit-agreement offsets to grants | 1,250 | 1,283 | 3 | 1 | 2 | — | — | — | — | — | — | — | — | — |
| Loan-losses (excluding settlement credits) | 60 | 63 | 6 | 3 | 3 | 2 | (2) | 1 | (2) | 2 | (2) | (2) | (2) | 4 |
| Other | 440 | 280 | 161 | 19 | 73 | 20 | 11 | 17 | 26 | 50 | 4 | 36 | 4 | 4 |
| Principal Collected on Credits | 1,068 | 523 | 1,045 | 582 | 280 | 65 | 53 | 66 | 113 | 263 | 67 | 79 | 80 | 50 |
| Export-Import Bank | 770 | 100 | 674 | 301 | 125 | 40 | 29 | 40 | 33 | 138 | 39 | 49 | 31 | 19 |
| Direct loans | 604 | 149 | 456 | 252 | 82 | 28 | 11 | 30 | 15 | 122 | 27 | 47 | 30 | 18 |
| Loans through agent banks | 180 | 48 | 132 | 49 | 53 | 14 | 11 | 10 | 17 | 17 | 12 | 2 | 1 | 2 |
| Surplus property (including merchant ships) | 180 | 29 | 151 | 54 | 41 | 7 | 12 | 10 | 12 | 36 | 11 | 9 | 17 | 19 |
| Credit-agreement offsets to grants | 24 | 10 | 14 | 7 | 4 | (2) | 1 | 1 | 3 | 3 | 1 | (2) | 1 | 1 |
| Loan-losses (excluding settlement credits) | 28 | 9 | 19 | 11 | 1 | (2) | — | (2) | 1 | 7 | 5 | (2) | 1 | (2) |
| Other | 605 | 379 | 226 | 138 | 100 | 7 | 16 | 10 | 65 | 58 | 11 | 21 | 10 | 10 |

¹ Foreign aid is defined to comprise two categories—grants and credits. Grants are largely outright gifts for which no payment is expected, or which at most involve an obligation on the part of the recipient to extend aid to the United States or other countries to achieve a common objective. Credits are loans or other agreements which give rise to specific obligations to repay, usually over a period of years, with interest. In some instances assistance has been given with the understanding that a decision as to repayment will be made at a later date; such assistance is included in grants. At such time as an agreement is reached for repayment over a period of years, a credit is established. Because such credits cannot, as a rule, be deducted from specific grants recorded in previous periods, they are included in both grants (at the earlier period) and credits (at the time of the agreement), and the amounts of such credit-agreement offsets to grants must therefore be deducted from the total of grants and credits in arriving at gross foreign aid. All known returns to the United States Government stemming from grants and credits are also taken into account. Gross foreign aid less the returns is net foreign aid, which is shown as net grants and net credits.

Foreign aid is measured, for the different methods of procurement in use, as follows: (1) at the time of shipment or extension of a service, for procurement made by a U. S. Government agency; (2) at the time of disbursement to a foreign government, for procurement made by that government or its agents; or (3) at the time of disbursement to a United States sup-

plier or to a United States bank (for payments to suppliers) on behalf of a foreign government, for procurement made on a letter of credit authorized by a Government agency.

The Government's capital investments in the International Bank (\$335 million) and International Monetary Fund (\$2,750 million) are not included in gross foreign aid although they constitute an additional measure taken by this Government to promote foreign economic recovery. Payments to these international financial institutions do not result in immediate equivalent aid to foreign countries. Use of available dollar funds is largely determined by the management of the two institutions, subject to certain restraints which can be exercised by the U. S. Government.

Pending receipt of revised data from the Army Department, civilian-supply grants include, for the first time, estimated data for certain cash grants furnished by the Army.

² Negative entry results from refunds of cash aid.

³ Less than \$500,000.

⁴ Negative entry results from excess of EIT repurchases from agent banks over agent-bank disbursements.

Source: U. S. Department of Commerce, Office of Business Economics.

lative basis shrank to \$2.1 billion. Further, the effect of multilateral compensation decreased the imbalances to the \$1.1 billion which was settled through EPU during the year.

Through conditional aid extended as grants, ECA aided the financing of \$185 million of the net imbalances. In exchange for the grants provided by ECA, the United King-

dom, Sweden, and Belgium provided initial credit positions to the multilateral clearances in fiscal year 1951.

EPU is intended to provide the financial basis for the reduction of trade and payments barriers among Western European countries and the sterling area and for bringing their payments more nearly in balance with each other and the rest of the world thereby requiring less United States

Table 2.—Summary of Foreign Aid (Grants and Credits), by Major Country: July 1, 1945, Through June 30, 1951
(Millions of dollars)

| Major country | Total postwar period | Before European recovery program period | During European recovery program period | | | | | | | | | | | |
|--|----------------------|---|---|----------------|------------------|-----------------|----------------|----------------|------------------|-------|-----------------|----------------|----------------|----------------|
| | | | Total | Apr.-June 1949 | Fiscal year 1950 | | | | Fiscal year 1951 | | | | | |
| | | | | | Total | July-Sept. 1949 | Oct.-Dec. 1949 | Jan.-Mar. 1950 | Apr.-June 1950 | Total | July-Sept. 1950 | Oct.-Dec. 1950 | Jan.-Mar. 1951 | Apr.-June 1951 |
| Gross Foreign Aid (grants and credits) 1. | 33,296 | 15,427 | 17,879 | 7,764 | 5,199 | 1,508 | 1,187 | 1,184 | 1,249 | 4,868 | 880 | 1,271 | 1,232 | 1,222 |
| Less: Returns | 2,383 | 1,022 | 1,861 | 887 | 579 | 208 | 111 | 181 | 181 | 395 | 183 | 167 | 167 | 89 |
| Equals: Net foreign aid | 30,913 | 14,405 | 16,018 | 7,117 | 4,620 | 1,293 | 1,076 | 1,003 | 1,068 | 4,473 | 697 | 1,104 | 1,065 | 1,133 |
| Net grants | 21,328 | 8,436 | 14,939 | 6,288 | 4,386 | 1,277 | 1,021 | 989 | 1,104 | 4,314 | 664 | 1,134 | 1,063 | 1,263 |
| Net credits | 9,585 | 5,969 | 1,129 | 832 | 1,234 | 1,016 | 55 | 14 | 14 | 159 | 33 | 31 | 63 | 40 |
| ERP countries and participating dependent areas: | | | | | | | | | | | | | | |
| Gross foreign aid | 23,052 | 10,083 | 13,669 | 5,984 | 3,903 | 1,187 | 932 | 907 | 999 | 3,910 | 775 | 918 | 881 | 1,060 |
| Less: Returns | 1,465 | 537 | 828 | 222 | 303 | 175 | 75 | 70 | 70 | 309 | 70 | 92 | 80 | 66 |
| Equals: Net foreign aid | 21,587 | 9,546 | 12,841 | 5,762 | 3,599 | 1,012 | 857 | 837 | 929 | 3,601 | 705 | 826 | 801 | 1,000 |
| Net grants | 14,171 | 2,444 | 11,727 | 4,821 | 3,436 | 961 | 611 | 597 | 611 | 3,300 | 490 | 902 | 808 | 1,008 |
| Net credits | 7,417 | 7,082 | 1,114 | 941 | 153 | 24 | 16 | 21 | 28 | 299 | 16 | 37 | 4 | 0 |
| Australia: | | | | | | | | | | | | | | |
| Gross foreign aid | 835 | 290 | 537 | 200 | 184 | 41 | 48 | 43 | 30 | 114 | 17 | 10 | 20 | 23 |
| Less: Returns | 20 | 1 | 20 | 1 | 24 | 14 | 3 | 4 | 3 | 14 | 4 | 2 | 3 | 5 |
| Equals: Net foreign aid | 797 | 289 | 497 | 199 | 160 | 27 | 45 | 39 | 27 | 100 | 13 | 17 | 17 | 18 |
| Net grants | 777 | 280 | 487 | 194 | 140 | 20 | 42 | 38 | 23 | 103 | 13 | 18 | 24 | 18 |
| Net credits | 20 | 9 | 10 | 5 | 20 | 7 | 3 | 1 | 4 | 7 | 0 | 1 | 1 | 1 |
| Belgium-Luxembourg: | | | | | | | | | | | | | | |
| Gross foreign aid | 791 | 228 | 563 | 208 | 210 | 52 | 57 | 62 | 40 | 127 | 63 | 36 | 37 | 11 |
| Less: Returns | 44 | 6 | 40 | 18 | 14 | 3 | 1 | 2 | 7 | 18 | 2 | 2 | 3 | 1 |
| Equals: Net foreign aid | 747 | 222 | 523 | 190 | 196 | 49 | 56 | 60 | 33 | 109 | 61 | 34 | 34 | 10 |
| Net grants | 646 | 61 | 484 | 149 | 210 | 32 | 57 | 62 | 49 | 125 | 58 | 35 | 37 | 10 |
| Net credits | 179 | 161 | 14 | 36 | 86 | 17 | 1 | 1 | 1 | 84 | 3 | 1 | 1 | 0 |
| British Commonwealth: United Kingdom: | | | | | | | | | | | | | | |
| Gross foreign aid | 6,901 | 4,179 | 2,682 | 1,314 | 932 | 272 | 238 | 214 | 228 | 410 | 126 | 122 | 94 | 54 |
| Less: Returns | 734 | 450 | 278 | 106 | 305 | 20 | 37 | 20 | 20 | 72 | 10 | 22 | 14 | 16 |
| Equals: Net foreign aid | 6,167 | 3,729 | 2,404 | 1,214 | 627 | 252 | 201 | 194 | 208 | 338 | 116 | 100 | 80 | 37 |
| Net grants | 1,059 | 568 | 2,317 | 984 | 384 | 250 | 220 | 193 | 231 | 379 | 114 | 120 | 89 | 47 |
| Net credits | 4,408 | 4,281 | 187 | 230 | 243 | 27 | 81 | 75 | 77 | 259 | 2 | 18 | 9 | 10 |
| France: | | | | | | | | | | | | | | |
| Gross foreign aid | 4,349 | 2,118 | 2,230 | 1,141 | 818 | 173 | 152 | 153 | 140 | 471 | 94 | 127 | 119 | 139 |
| Less: Returns | 337 | 36 | 104 | 30 | 101 | 60 | 9 | 18 | 7 | 60 | 15 | 9 | 25 | 16 |
| Equals: Net foreign aid | 4,012 | 2,082 | 2,034 | 1,112 | 717 | 167 | 143 | 135 | 133 | 411 | 79 | 118 | 94 | 123 |
| Net grants | 2,089 | 219 | 1,869 | 925 | 530 | 118 | 145 | 143 | 133 | 421 | 83 | 120 | 84 | 131 |
| Net credits | 2,023 | 1,863 | 145 | 187 | 187 | 49 | 98 | 92 | 0 | 1 | 0 | 0 | 10 | 0 |
| Germany: | | | | | | | | | | | | | | |
| Gross foreign aid | 3,439 | 1,020 | 2,419 | 1,300 | 720 | 268 | 188 | 139 | 134 | 478 | 100 | 112 | 127 | 138 |
| Less: Returns | 69 | 10 | 59 | 25 | 40 | 23 | 4 | 4 | 3 | 15 | 3 | 4 | 6 | 6 |
| Equals: Net foreign aid | 3,370 | 1,010 | 2,360 | 1,275 | 680 | 245 | 184 | 135 | 130 | 463 | 97 | 108 | 121 | 132 |
| Net grants | 3,373 | 1,012 | 2,361 | 1,276 | 681 | 246 | 184 | 134 | 129 | 464 | 98 | 108 | 122 | 132 |
| Net credits | 66 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Greece: | | | | | | | | | | | | | | |
| Gross foreign aid | 1,324 | 632 | 741 | 301 | 200 | 68 | 48 | 52 | 30 | 180 | 30 | 34 | 37 | 40 |
| Less: Returns | 48 | 6 | 42 | 7 | 20 | 9 | 5 | 3 | 3 | 17 | 4 | 4 | 4 | 4 |
| Equals: Net foreign aid | 1,276 | 626 | 699 | 294 | 180 | 59 | 43 | 49 | 27 | 163 | 26 | 29 | 33 | 36 |
| Net grants | 1,178 | 473 | 706 | 288 | 182 | 53 | 44 | 50 | 24 | 135 | 27 | 29 | 32 | 35 |
| Net credits | 98 | 153 | 93 | 6 | 0 | 0 | 0 | 0 | 0 | 28 | 0 | 0 | 1 | 0 |
| Italy: | | | | | | | | | | | | | | |
| Gross foreign aid | 2,330 | 1,090 | 1,221 | 606 | 310 | 82 | 60 | 77 | 108 | 267 | 75 | 38 | 63 | 104 |
| Less: Returns | 111 | 17 | 94 | 28 | 30 | 6 | 3 | 14 | 8 | 36 | 10 | 6 | 15 | 6 |
| Equals: Net foreign aid | 2,219 | 1,073 | 1,127 | 578 | 280 | 76 | 57 | 63 | 100 | 231 | 65 | 32 | 48 | 98 |
| Net grants | 1,585 | 800 | 1,000 | 403 | 208 | 67 | 50 | 60 | 82 | 275 | 68 | 34 | 50 | 87 |
| Net credits | 243 | 273 | 127 | 175 | 172 | 9 | 7 | 3 | 18 | 56 | 0 | 1 | 1 | 11 |
| Netherlands: | | | | | | | | | | | | | | |
| Gross foreign aid | 1,114 | 296 | 817 | 291 | 235 | 119 | 40 | 48 | 110 | 192 | 57 | 41 | 56 | 43 |
| Less: Returns | 161 | 14 | 87 | 6 | 30 | 13 | 8 | 3 | 7 | 51 | 7 | 25 | 3 | 6 |
| Equals: Net foreign aid | 953 | 282 | 730 | 285 | 205 | 106 | 32 | 45 | 103 | 141 | 49 | 16 | 53 | 37 |
| Net grants | 837 | 19 | 818 | 279 | 205 | 106 | 32 | 45 | 103 | 173 | 50 | 24 | 48 | 40 |
| Net credits | 177 | 263 | 112 | 106 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Turkey: | | | | | | | | | | | | | | |
| Gross foreign aid | 288 | 29 | 259 | 113 | 68 | 25 | 20 | 20 | 17 | 48 | 10 | 10 | 11 | 11 |
| Less: Returns | 21 | 6 | 15 | 4 | 8 | 1 | 1 | 2 | 3 | 7 | 3 | 1 | 2 | 2 |
| Equals: Net foreign aid | 267 | 23 | 244 | 109 | 60 | 22 | 19 | 18 | 14 | 41 | 7 | 9 | 9 | 9 |
| Net grants | 108 | 0 | 108 | 64 | 43 | 15 | 10 | 13 | 12 | 13 | 6 | 3 | 2 | 2 |
| Net credits | 159 | 23 | 136 | 45 | 17 | 7 | 9 | 5 | 2 | 28 | 1 | 6 | 7 | 7 |
| Other ERP countries: | | | | | | | | | | | | | | |
| Gross foreign aid | 2,258 | 228 | 2,030 | 300 | 372 | 99 | 74 | 82 | 148 | 1,248 | 198 | 308 | 818 | 487 |
| Less: Returns | 63 | 1 | 62 | 6 | 58 | 10 | 4 | 7 | 5 | 30 | 3 | 7 | 8 | 5 |
| Equals: Net foreign aid | 2,195 | 227 | 1,968 | 294 | 314 | 89 | 70 | 75 | 143 | 1,218 | 195 | 301 | 810 | 482 |
| Net grants | 1,670 | 160 | 1,510 | 240 | 270 | 66 | 50 | 50 | 114 | 1,224 | 180 | 302 | 796 | 436 |
| Net credits | 525 | 67 | 458 | 54 | 44 | 23 | 20 | 25 | 29 | 0 | 15 | 9 | 14 | 46 |
| Other Europe: | | | | | | | | | | | | | | |
| Gross foreign aid | 1,883 | 1,437 | 1,200 | 20 | 22 | 4 | 2 | 7 | 10 | 84 | 0 | 16 | 32 | 27 |
| Less: Returns | 88 | 25 | 63 | 25 | 27 | 1 | 1 | 2 | 1 | 8 | 0 | 1 | 1 | 2 |
| Equals: Net foreign aid | 1,795 | 1,412 | 1,137 | 0 | 0 | 3 | 1 | 5 | 9 | 76 | 0 | 15 | 31 | 25 |
| Net grants | 1,130 | 1,180 | 73 | 2 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net credits | 665 | 232 | 1,064 | 18 | 10 | 3 | 1 | 5 | 9 | 76 | 0 | 15 | 31 | 25 |
| American Republics: | | | | | | | | | | | | | | |
| Gross foreign aid | 604 | 300 | 304 | 112 | 303 | 28 | 23 | 32 | 20 | 140 | 24 | 18 | 59 | 44 |
| Less: Returns | 227 | 72 | 155 | 63 | 42 | 11 | 11 | 9 | 14 | 50 | 25 | 8 | 10 | 10 |
| Equals: Net foreign aid | 377 | 228 | 149 | 49 | 261 | 17 | 12 | 23 | 6 | 90 | 0 | 10 | 49 | 34 |
| Net grants | 129 | 72 | 67 | 25 | 25 | 7 | 7 | 7 | 3 | 15 | 4 | 3 | 3 | 3 |
| Net credits | 248 | 156 | 142 | 24 | 236 | 10 | 5 | 16 | 3 | 75 | 0 | 7 | 46 | 31 |
| China-Taiwan (Formosa): | | | | | | | | | | | | | | |
| Gross foreign aid | 1,803 | 1,444 | 369 | 302 | 20 | 11 | 2 | 0 | 4 | 37 | 4 | 7 | 14 | 12 |
| Less: Returns | 121 | 50 | 71 | 21 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 | 0 |
| Equals: Net foreign aid | 1,682 | 1,394 | 298 | 281 | 20 | 11 | 2 | 0 | 4 | 29 | 4 | 7 | 14 | 12 |
| Net grants | 1,048 | 1,230 | 318 | 285 | 18 | 11 | 1 | 0 | 0 | 37 | 4 | 7 | 14 | 12 |
| Net credits | 114 | 164 | 80 | 96 | 2 | 0 | 1 | 0 | 4 | 0 | 0 | 0 | 0 | 0 |
| Japan and Ryukyu Islands: | | | | | | | | | | | | | | |
| Gross foreign aid | 2,470 | 1,027 | 1,443 | 600 | 483 | 185 | 110 | 70 | 111 | 200 | 89 | 02 | 09 | 100 |
| Less: Returns | 228 | 190 | 138 | 69 | 91 | 16 | 10 | 5 | 04 | 3 | 1 | 0 | | |

See footnotes at end of table.

Table 2.—Summary of Foreign Aid (Grants and Credits), by Major Country: July 1, 1945, Through June 30, 1951—Continued

| Major Country | Total postwar period | Before European recovery program period | During European recovery program period | | | | | | | | | | | |
|-----------------------------------|----------------------|---|---|---------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|
| | | | Total | Apr. 1945-June 1949 | Fiscal year 1950 | | | | | Fiscal year 1951 | | | | |
| | | | | | Total | July-Sept. 1949 | Oct.-Dec. 1949 | Jan.-Mar. 1950 | Apr.-June 1950 | Total | July-Sept. 1950 | Oct.-Dec. 1950 | Jan.-Mar. 1951 | Apr.-June 1951 |
| Philippines: | | | | | | | | | | | | | | |
| Gross foreign aid..... | 778 | 243 | 535 | 218 | 173 | 68 | 47 | 40 | 27 | 143 | 34 | 101 | 4 | 4 |
| Less: Returns..... | 18 | 13 | 5 | 1 | (¹) | — | (¹) | (¹) | (¹) | 4 | (¹) | (¹) | (¹) | 1 |
| Equals: Net foreign aid..... | 760 | 231 | 530 | 217 | 172 | 68 | 47 | 39 | 27 | 140 | 34 | 100 | 4 | 4 |
| Net grants..... | 664 | 167 | 497 | 218 | 173 | 68 | 47 | 40 | 27 | 140 | 34 | 100 | 4 | 4 |
| Net credits..... | 97 | 64 | 33 | 1 | (¹) | — | (¹) | (¹) | (¹) | 31 | (¹) | 35 | (¹) | — |
| All other countries: ¹ | | | | | | | | | | | | | | |
| Gross foreign aid..... | 1,008 | 727 | 942 | 293 | 231 | 69 | 39 | 65 | 78 | 413 | 65 | 96 | 147 | 106 |
| Less: Returns..... | 842 | 107 | 176 | 161 | 8 | 3 | 2 | 1 | 2 | 7 | 1 | 3 | (¹) | 3 |
| Equals: Net foreign aid..... | 1,325 | 600 | 766 | 137 | 223 | 66 | 37 | 64 | 76 | 406 | 64 | 93 | 147 | 103 |
| Net grants..... | 1,025 | 354 | 671 | 176 | 151 | 33 | 22 | 39 | 57 | 348 | 54 | 78 | 127 | 84 |
| Net credits..... | 301 | 268 | 96 | —39 | 72 | 33 | 15 | 25 | 19 | 63 | 10 | 14 | 20 | 19 |

¹ See footnote 1 to table 1.² Not (—) of less than \$500,000.³ Not (+) of less than \$500,000.

⁴ Gross foreign aid, net foreign aid, and net credits for Netherlands include \$17.2 million ERP credits to Netherlands on behalf of Indonesia (\$14.0 million in April 1948-June 1949; \$1.2 million in October-December 1949; and \$1.9 million in January-March 1950). All other aid to Indonesia, including grants under the European-recovery program, is included in "All other countries."

⁵ Includes data not allocable to specific areas and EPU capital contribution.⁶ Negative entry results from excess of refunds on Chinese account for aid diverted (primarily to Korea).⁷ Less than \$500,000.⁸ Includes data for International Organizations and data not allocable to specific areas.

Source: U. S. Department of Commerce, Office of Business Economics.

Government financial assistance. However, chronic maladjustments in European trade were not easily eradicated. Therefore, during the June 1951 quarter ECA provided grants to Austria and Iceland specifically to assist those countries in clearing their deficits with EPU.

Military assistance sustains European aid total

Despite the large declines in European-recovery aid in fiscal year 1951, noted above, total gross and net aid to the participating countries declined by only 9 and 7 percent, respectively, as compared to fiscal year 1950. The relatively smaller decline was due to the \$950-million increase in mutual-defense assistance provided to the Western European countries.

During the 3 months ended June 30, 1951, mutual-defense assistance to Europe reached the annual rate of \$1½ billion, an increase of about 80 percent from the previous quarter. Assistance furnished from excess United States Government stocks declined, so that the flow of current production into military aid increased more rapidly than total mutual-defense assistance.

In addition to providing military equipment, the mutual-defense assistance program provides materials and machinery for increased European military production and some raw materials usable for both military and civilian purposes. Such aid is furnished through ECA, acting for the State Department which administers the whole program. For the entire fiscal year, a total of \$17 million was provided in this type of assistance which is closely integrated with the European-recovery program in the expansion of productive facilities in the participating countries.

Information on the mutual-defense assistance grants provided through ECA is available by country and is so included in table 2. Data on military-item aid are not shown by country, but the amount provided against the authorization for the North Atlantic area and for Greece, Turkey, and Iran is included in the ERP area total.

Other European aid limited to Yugoslavia

Yugoslavia also received mutual-defense assistance under the provision whereby a limited amount of the assistance authorized by Congress can be provided to any "European nation whose strategic location makes it of direct importance to the defense of the North Atlantic area and whose immediately increased ability to defend itself * * * contributes to the preservation of the peace and security of the

North Atlantic area. * * *." Under this special authority approximately \$15 million was provided to Yugoslavia as stop-gap assistance to relieve the critical food shortage in that country early in 1951.

Immediately following the establishment of this stop-gap aid program for Yugoslavia (which is included in mutual-defense grants), the Congress in December 1950 authorized a special Yugoslav-aid program, administered by the State Department. Under the latter authorization foodstuffs worth \$30 million were shipped to Yugoslavia in the first 6 months of 1951 from a planned \$38-million total. Meanwhile, the Export-Import Bank (EIB) disbursed \$6 million for foodstuffs under a \$15-million credit authorized to Yugoslavia early in fiscal year 1951. In addition Yugoslavia drew on other EIB credits. Finally, as a part of the mutual-defense program operated through ECA, Yugoslavia was furnished \$2 million more in assistance in the June 1951 quarter. Total aid to Yugoslavia in the fiscal year approached \$34 million, of which 60 percent was in the last 6 months.

Battle area aid rises in Korea

Economic-grant aid to Korea, the focus of world interest during fiscal year 1951, increased in that year, totaling \$99 million compared with \$82 million the previous year. The invasion and the subsequent contraction of the area controlled by the United Nations forces caused a sharp decline in the aid in the July-September 1950 period. In the last 3 months of calendar year 1950, the Army provided considerable common-use items, such as railroad equipment, to Korea and in the subsequent two quarters of the fiscal year furnished relief from Army funds and from an appropriation of \$50 million approved for that purpose in January 1951. By the June 1951 quarter, total grants to Korea returned to the average preinvasion level, about \$20 million, with three-fourths being provided by the Army as civilian relief and the remainder financed by ECA under Army responsibility.

Mutual-defense assistance to Korea, the Philippines, and the general area of China was at an annual rate of \$260 million in the April-June 1951 quarter, almost the same as in the previous 3-month period. For the entire fiscal year this military assistance exceeded \$101 million, after starting in the final quarter of fiscal year 1950 with \$5 million in grants. Data on military-assistance grants are included in "All other countries" in table 2; information for specific countries is not available.

Indian famine spurs United States aid

Economic assistance to Taiwan (Formosa) in the fiscal year 1951 was considerably above the previous year, aggregating \$32 million. Economic assistance included aid to Chinese students in the United States. The United States Government program for expanded economic assistance to southeast Asia, other than Formosa, began in fiscal year 1951 and totaled \$11 million. India received \$4 million of these fiscal-year grants as a partial subsidy on grain for famine relief.

Although actual aid to India was not large, considerable attention was devoted in 1951 to the famine emergency in that country. A major increase in aid for India was authorized on credit terms by Congress in June 1951, for the purchase of food grains (mostly wheat) in the United States for shipment to India. The loan agreement with India, executed by EIB, provides for repayment in dollars but contains a provision that, at the request of ECA or EIB, India will enter into negotiations to modify the agreement to provide for payment of principal and interest by the delivery of deficiency material at prices, times, and on terms mutually agreed upon.

Philippine rehabilitation concluded during year

Whereas the situation in India was of an emergency famine character, the Philippines were suffering from more chronic economic maladjustments. These were the subject of the report of the Economic Survey Mission to the Philippines. Aid to the Philippines was undertaken as part of the ECA southeast Asia program in keeping with one of the recommendations of the mission.

The Philippines received only nominal assistance under the ECA program, but continued to receive services under the Philippine rehabilitation program throughout fiscal year 1951 in diminishing amounts. Claims payments for war damage paid under the latter program were curtailed before April 1951; these had comprised the bulk of the Philippine aid prior to December 1950.

The United States provided further aid to the domestic economy in the Philippines through an agreement signed in November 1950 permitting the Philippine Government to utilize peso funds held for the United States, amounting to approximately \$35 million, to meet domestic obligations. This agreement provided for repayment in dollars in 10 equal annual installments with interest.

Korean conflict improves Japanese earnings

Evidences of continuing postwar recovery in Japan and the Ryukyu Islands in fiscal year 1950 led to a diminution of aid programmed by the United States Government for fiscal year 1951. Thus, in the latter year net aid declined to \$296 million from \$393 million the preceding year. Most of this aid to Japan and the Ryukyu Islands was provided by the United States Government through the Army as civilian supplies to occupied areas. Civilian-supply grants included, in addition to basic civilian foodstuffs, raw materials for economic recovery. In fiscal year 1951, cotton alone comprised \$143 million, or almost one-half of the net aid to Japan and the Ryukyus.

As a result of the military activity in Korea, the United States Government is spending large amounts to purchase supplies and services in Japan, which serves as a close base for United Nations operations on the mainland. The extended purchases in Japan increased the Japanese dollar-earning capacity and correspondingly decreased the necessity for grant aid from the United States Government. Accordingly no grants are contemplated for Japan by the United States Government beyond June 1951 except for liquidation of unshipped amounts from the earlier programs.

American Republics dominate technical-assistance grants

United States Government aid to the American Republics moved counter to the general trend, increasing by 45 percent from fiscal year 1950 to the succeeding year. Credit disbursements by EIB to Argentina were the major factor in this increase. These disbursements—from the \$125-million credit authorized late in May 1950—totaled \$86 million in the first 6 months of calendar year 1951. As a result, the American Republics accounted for half of the net foreign-credit activity of Government agencies in fiscal year 1951.

The American Republics are the principal recipients of the bilateral aid provided under the Point 4 program, which includes the technical assistance provided by the Institute of Inter-American Affairs. Technical-assistance grants of \$15 million to the American Republics were approximately half of those made in fiscal year 1950. This decline was primarily the result of decreased aid under the joint cooperative program to assist Mexico in the eradication of the foot-and-mouth disease epidemic among cattle in that country.

Upsurge in grants and credits expected

Indications persisted that for several years the United States Government would have to continue assistance to the

Table 3.—Foreign Aid Authorizations Available in Fiscal Year 1952
(Billions of dollars)

| Source of availability | Total | Economic and technical assistance | | | Military assistance (grants) |
|---|-------|-----------------------------------|--------|---------|------------------------------|
| | | Total | Grants | Credits | |
| Estimated total available for foreign aid in fiscal year 1952, and for pipeline carry-over into fiscal year 1953..... | 18.6 | 6.4 | 3.6 | 2.8 | 12.1 |
| Estimated aid still to be furnished as of June 30, 1951, from existing authorizations..... | 9.8 | 3.9 | 2.2 | 1.7 | 5.9 |
| Additions provided by Congress through October 1951..... | 6.7 | 2.5 | 1.4 | 1.1 | 6.3 |
| Mutual security: Authorized excess-property transfers..... | 3 | | | | 3 |
| Appropriations..... | 7.3 | 1.4 | 1.3 | .1 | 12.0 |
| Extension and expansion of EIB lending powers..... | 1.0 | 1.0 | | 1.0 | |
| Other appropriations..... | .1 | .1 | .1 | | |

¹ Includes \$100 million appropriated for aid to Spain, not determinate as to grant or credit, economic or military.

Source: Department of Commerce, Office of Business Economics.

free nations of the world. The estimated total available for aid for fiscal year 1952 and pipeline carry-over into fiscal year 1953 exceeds \$18 billion. As shown in table 3, nearly two-thirds of these available funds is for military assistance. In the most recent authorization the Congress provided new funds for a consolidation of most Government aid into the mutual-security program, with a larger proportion of the aid allocated for military assistance. Further, economic and technical assistance authorized on a grant basis was slightly above \$1.3 billion, in comparison to a rate two to four times greater during the last 2 years.

The new amounts also include \$1 billion added to the EIB lending power. In the last year EIB began extending credits to finance the development in foreign countries of strategic and critical materials needed by the United States in its rearmament program. Such credit agreements were usually tied into procurement arrangements between the General Services Administration and the borrower whereby most or all production from the financed projects would be sold to the United States Government over the period of the credit. The enlarged loan authority will help expand this program.

This enormous backlog of unused aid authority will force both grant and credit assistance into higher levels than existed in fiscal year 1951.